

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2019 / 2020 SESSION

### DEC 5634 – FUNDAMENTALS OF ENTREPRENEURSHIP

(All sections/Groups)

12 MARCH 2020  
2.30 p.m – 4.30 p.m  
(2 Hours)

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#### INSTRUCTIONS TO STUDENT

1. This question paper consists of 10 pages with 2 sections.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers for Section A on the OMR form provided and all answers for Section B in the Answer Booklet provided.

**SECTION A: MULTIPLE CHOICE QUESTIONS (40 marks)**

1. Which of the following are the characteristics of entrepreneurs?
  - I. Confidence in his/her ability to succeed.
  - II. Value of money over achievement.
  - III. Desire for immediate feedback.
  - IV. A future orientation.
  - A. I, II and III.
  - B. I, II and IV.
  - C. I, III and IV.
  - D. II, III and IV.
2. Which of the following types of entrepreneurs is **CORRECT** to describe the entrepreneurs who repeatedly start businesses and grow to a sustainable size before striking out again?
  - A. Opportunistic.
  - B. Persistent.
  - C. Serial.
  - D. Classic.
3. Which of the following are the benefits of entrepreneurship?
  - I. The opportunity to gain control over your own destiny.
  - II. The opportunity to reach your full potential.
  - III. The opportunity to do what you enjoy.
  - IV. The opportunity to create wealth without providing true value.
  - A. I, II and III.
  - B. I, II and IV.
  - C. I, III and IV.
  - D. II, III and IV.
4. Which of the following are the possible drawbacks of entrepreneurship?
  - A. Uncertainty of income, risk, long hours, and high stress.
  - B. Uncertainty of income, risk, easy hours, and frequent vacations.
  - C. Uncertainty of income, risk, long hours, and the immediate accumulation of wealth.
  - D. Certainty of income, risk, long hours, and high stress.
5. Which of the following is **NOT** considered as the technological forces in motivating the entrepreneurial trend in our nation?
  - A. Cloud computing.
  - B. Mobile marketing.
  - C. The Internet.
  - D. Shift away from a service economy.

**Continued...**

6. \_\_\_\_\_ is defined as the entrepreneurial couples who work together as co-owners of their business.
- A. Dual entrepreneurs
  - B. Corporate dropouts
  - C. Corporate cast-offs
  - D. Co-preneurs
7. A (n) \_\_\_\_\_ is the process of examining a need in the market, developing a solution for that need, and determining the entrepreneur's ability to successfully turn the idea into a business.
- A. business plan
  - B. strategic analysis
  - C. idea assessment
  - D. feasibility analysis

- |                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Value proposition</li><li>• People</li><li>• Customers</li><li>• Offering</li><li>• Core competences</li></ul> |
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Statement 1

8. Based on Statement 1 above, which of the following is **CORRECT** pertaining to the parameters in assessing ideas?
- A. Idea toolkit.
  - B. Idea dashboard.
  - C. Idea sketch pad.
  - D. Idea metric.
9. The process of determining whether an entrepreneur's idea is a viable foundation for creating a successful business is also known as \_\_\_\_\_.
- A. business plan
  - B. strategic plan
  - C. industry analysis
  - D. feasibility analysis
10. An industry is usually more attractive when companies in the industry have \_\_\_\_\_ switching costs to go from one supplier to another.
- A. high
  - B. moderate
  - C. significant
  - D. low

Continued...

The printed newspapers have their readership rates decline and the new generations of potential readers turn to their smartphones for sources of news.

Statement 2

11. Based on the five forces model, which of the following describes the above example in Statement 2?
- A. Threat of substitutes.
  - B. Bargaining power of buyers.
  - C. Bargaining power of suppliers.
  - D. Rivalry among existing firms.
12. Which of the following refers to an analysis that determines the degree to which a product or service idea appeals to potential customers and identifies the resources necessary to produce that product or provide that service?
- A. Product or service feasibility analysis.
  - B. Business prototyping.
  - C. Business plan analysis.
  - D. Financial feasibility analysis.
13. All of the following are disadvantages of purchasing an existing business **EXCEPT** \_\_\_\_\_.
- A. the employees inherited with the business may not be suitable
  - B. the previous owner may have created ill will among the company's customers
  - C. equipment and facilities may be obsolete or inefficient
  - D. no opportunity to choose the equipment and best location
14. Which of the following refers to the process of investigating the details of a company that is for sale to determine the strengths, weaknesses, opportunities and threats facing it?
- A. Hidden market.
  - B. Due diligence.
  - C. Skimming.
  - D. Business assessment.
15. Which of the following is **NOT** one of the steps in the acquisition process?
- A. Buyer's due diligence.
  - B. Sign letter of intent.
  - C. Valuation of agreement.
  - D. Begin the transition.

Continued...

16. The letter of intent is also known as a \_\_\_\_\_ document.
- A. binding
  - B. non-binding
  - C. transferable
  - D. final
17. Which of the following should be done by the buyer when acquiring a business?
- I. Conduct a self-analysis of skills, abilities, and interests.
  - II. Develop a list of criteria that define the "ideal business" for the buyer.
  - III. Prepare a list of potential candidates that meet the criteria.
  - IV. Contact existing business owners in the area and ask if their companies are for sale.
- A. I, II and III.
  - B. I, II and IV.
  - C. I, III and IV.
  - D. II, III and IV.
18. Two or more franchises team up to sell complementary products or services under one roof is referred as \_\_\_\_\_.
- A. refranchising
  - B. intercept marketing
  - C. co-branding
  - D. area development
19. A franchise is a system of distribution in which the business owners pay \_\_\_\_\_ and \_\_\_\_\_ to a parent company in return for the right to sell its product or services, and often to use its business format and system.
- A. monthly sales; royalties
  - B. upfront costs; incremental costs
  - C. royalties; monthly consulting charges
  - D. fees; royalties
20. Which of the following are the benefits of franchising?
- I. Management training and support.
  - II. Brand name appeal and standardisation of goods and services.
  - III. National advertising exposure and financial assistance.
  - IV. Market saturation.
- A. I, II and III
  - B. I, II and IV
  - C. I, III and IV
  - D. II, III and IV

Continued...

21. When the franchisors offer to give the existing franchisees the exclusive distribution rights of brand name goods or services within a particular geographic area, it is called as \_\_\_\_\_.
- A. Territorial protection
  - B. Exclusive rights
  - C. Guaranteed protection
  - D. Exclusivity
22. Which of the following is **CORRECT** for a franchisor to do when it comes to purchasing products, equipment, and incurring other expenses?
- A. Cannot require the franchisees to buy from the franchise company.
  - B. Can set prices for the franchisees to pay the products but franchisor cannot set the retail price the franchisees to charge the customers.
  - C. Permitted to set the retail price for the franchisee.
  - D. Cannot require franchisees to buy from an "approved" supplier.
23. Usually, the failure rate for franchises is \_\_\_\_\_ than the average rate for new businesses.
- A. higher
  - B. no different
  - C. lower
  - D. indeterminable
24. Which of the following are the factors that make a franchise appealing?
- I. Unique concept or marketing approach.
  - II. Business system that works.
  - III. Solid training program.
  - IV. An offer of direct financing of a specific element of the franchise package.
- A. I, II and III.
  - B. I, II and IV.
  - C. I, III and IV.
  - D. II, III and IV.
25. Which of the following term is **BEST** to describe the process of creating and delivering desired goods and services to customers and involves all of the activities associated with winning and retaining loyal customers?
- A. Marketing.
  - B. Personal selling.
  - C. Promotion.
  - D. Customer service.

Continued...

26. Bootstrap marketing is a marketing approach that takes an unconventional, low-cost and creative approach to marketing that can give \_\_\_\_\_ companies a competitive edge over \_\_\_\_\_ competitors.
- A. small; larger
  - B. large; smaller
  - C. small; entrepreneur
  - D. entrepreneur; smaller
27. Which of the following is **NOT** one of the objectives of bootstrap marketing plan?
- A. Determine customer needs and wants through market research.
  - B. Determine how the company will be able to serve all customers.
  - C. Analyse the firm's competitive advantages and build a marketing strategy around them.
  - D. Create a marketing mix that meets customer needs and wants.
28. \_\_\_\_\_ is also called as the specific group of customers at whom a company aims its good or services.
- A. Market segmentation
  - B. Bootstrap marketing
  - C. Niche marketing
  - D. Target market
29. Which of the following term is **CORRECT** pertaining to the studies of shifting patterns in age, income, education, race, and other population characteristics?
- A. Psychology.
  - B. Demographics.
  - C. Sociographics.
  - D. Physiology.
30. You have decided to conduct a market research for your small business. Which of the following steps should you consider first in the market research process?
- A. Collect data.
  - B. Define the objective.
  - C. Design the research.
  - D. Determine the relevant information.

Continued...

31. Which of the following are the important issues that business owners should consider before launching into e-commerce?
- I. How to develop long-term relationships with customers.
  - II. How to exploit the interconnectivity and the opportunities it creates to transform relationships with its suppliers, customers, and external stakeholders.
  - III. How to measure the success of its Web-based sales effort.
  - IV. How to encourage the use of credit cards.
- A. I, II and III.  
B. I, II and IV.  
C. I, III and IV.  
D. II, III and IV.
32. Which of the following is **NOT** characterised as the benefit of selling on the website?
- A. Opportunity to increase revenues.  
B. Power to educate and inform.  
C. Ability to remain open 24 hours a day.  
D. Ability to grab customers.
33. Which of the following is the **CORRECT** way for an entrepreneur to avoid unpleasant surprises in launching into e-commerce purpose?
- A. Test the website with real customers to make sure it is easy to navigate.  
B. Avoid being talked into establishing a privacy policy.  
C. Cancel all current advertisements in other media.  
D. Not try to out-guess customers, and handle order fulfillment as orders come in.
34. Which of the following are the common reasons customers usually leave the websites before checking out?
- I. Total shipping charges were too high.
  - II. The privacy policy was posted.
  - III. The shopping cart was too hard to find.
  - IV. The site did not appear trustworthy.
- A. I, II and III.  
B. I, II and IV.  
C. I, III and IV.  
D. II, III and IV.
35. Which of the following is the main tool to attract international visitors to view the websites?
- A. Alternative forms of payment options.  
B. Language buttons.  
C. Images reflecting multiple cultures.  
D. Colours and symbols reflective of international cultures.

Continued...

36. Which of the following is the first place an entrepreneur should look for as their startup capital?
- A. A bank.
  - B. A venture capitalist.
  - C. The Small Business Administration.
  - D. His own savings.
37. Which of the following is **TRUE** pertaining to the advantages of Initial Public Offering (IPO)?
- A. Filing expenses.
  - B. Ability to raise large amounts of capital.
  - C. Accountability to shareholders.
  - D. Pressure for short-term performance.
38. Which of the following is the **MOST** common type of commercial bank loan granted to the small businesses?
- A. The short-term loan.
  - B. The line of credit agreement.
  - C. Floor planning.
  - D. The unsecured term loan.
39. A \_\_\_\_\_ is an agreement with a bank that allows a small business to borrow up to a predetermined specified amount during the year without making an application each time.
- A. term loan
  - B. factor
  - C. line of credit
  - D. floor plan
40. Which of the following is the main advantage of equity capital?
- A. Its lower interest rate.
  - B. It is readily available to a large number of entrepreneurs from a variety of lenders.
  - C. It does not have to be repaid like a loan.
  - D. It does not appear on a company's balance sheet.

(Total: 40 marks)

Continued...

**SECTION B: STRUCTURED QUESTIONS (60 marks)****QUESTION 1**

- (a) Creativity is the ability to develop new ideas, to discover new ways and to think of new things. Imagine yourself as an entrepreneur and you intend to connect your ideas with the purposeful action. Thus, identify the **SEVEN (7)** steps of creative process in structuring your business idea. (7 marks)
- (b) The Force-Field Analysis is a useful technique for evaluating the forces that support and oppose a proposed change. Describe any **TWO (2)** columns in the Force-Field Analysis. (4 marks)
- (c) Entrepreneur is the one who creates a new business in the face of risk and uncertainty. Among the risks faced is the business ideas can be copied by other people. Define how your ideas can be protected using the following:
- i) Trademark
  - ii) Copyright

(4 marks)

**(Total: 15 marks)****QUESTION 2**

- (a) As an entrepreneur, it is crucial to have a strategic plan as it helps to develop a game plan to guide the company and to keep it from straying off course. List down the **NINE (9)** steps in strategic management process. (9 marks)
- (b) Briefly describe any **TWO (2)** strategic options that can be used by an entrepreneur to gain competitive advantage and provide **ONE (1)** example for each. (6 marks)

**(Total: 15 marks)****Continued...**

**QUESTION 3**

- (a) Provide the **FOUR (4)** major forms of ownership that entrepreneurs can choose for their business. (4 marks)
- (b) Usually, a relationship of two or more people who co-own a business for the purpose of making a profit is called a partnership. Partners may be in the form of limited partners or general partners. Identify and explain the **TWO (2)** types of limited partners. (4 marks)

In doing a business, you may adopt either creating your own business from the ground or buy out an existing one. In fact, you have to realise whether the business has potential or not.

Statement 3

- (c) According to the Statement 3 above, briefly describe the **FOUR (4)** types of business buyers. (8 marks)

**(Total: 16 marks)**

**QUESTION 4**

- (a) Differentiate between "*Domestic joint venture*" and "*Foreign joint venture*". (2 marks)
- (b) Trade intermediaries are domestic agencies that serve as distributors in foreign countries for companies of all sizes. List down the **SIX (6)** types of intermediaries. (6 marks)
- (c) Governments imposed a variety of barriers to block free trade among nations in an attempt to protect businesses within their own borders. Briefly describe the **THREE (3)** nontariff barriers that all firms need to be aware of before entering into any host country. (6 marks)

**(Total: 14 marks)**

**End of Paper**